

THE FOLLOWING MINUTES ARE SUBJECT TO APPROVAL BY BOARD OF FINANCE

The **Board of Finance** held a regular meeting on Monday, January 13, 2014 in the Council Chamber of the Newtown Municipal Center, 3 Primrose Street, Newtown, CT. John Kortze called the meeting to order at 7:30 pm.

PRESENT: John Kortze, Joseph Kearney, James Filan, Jr., John Godin, Michael Portnoy and Harry Waterbury

ALSO PRESENT: First Selectman E. Patricia Llodra, three members of the public, three members of the press.

VOTER COMMENTS: none.

COMMUNICATIONS: none.

MINUTES: Mr. Waterbury moved to accept the minutes of the special meeting of January 7, 2014. Mr. Godin seconded. All in favor.

FIRST SELECTMAN REPORT: First Selectman Llodra reported she and Mr. Tait finished work on the budget. The selectmen will hold budget meetings on January 22, January 29 and February 3 and then present the budget to the Board of Finance on February 10.

Mr. Kortze stated he will attend the presentation to the bonding companies on Feb. 10.

FINANCE DIRECTOR REPORT: none.

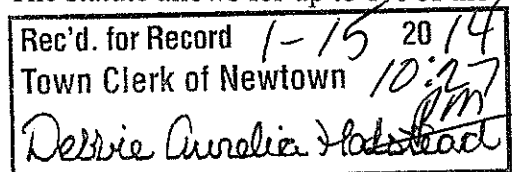
NEW BUSINESS:

Discussion and possible action:

- 1. Discussion on Budget and Trends:** Mr. Kearney went over a presentation (Att. A) which covered the town and education budget trends since 2000. The inflation rate is from the published statistics of inflation. The attachment includes minor changes to add clarity. The presentation was discussed by the board. Mr. Tait may have a breakdown of the town operational budget, debt service and the total town budget. Mr. Kortze asked Mr. Kearney to compile actual vs. Chung figures and to include DRG comparisons. Mr. Portnoy and Mr. Filan will confirm and research the Minimum Budget Requirement (MBR), what can and can't be done, as well as the impact of closing a school. It was noted that the MBR rules were recently modified.

ADD TO AGENDA: Mr. Waterbury moved to add to the agenda discussion and possible action on a resolution on the non-lapsing Board of Education account. Mr. Portnoy seconded. All in favor.

- 2. Discussion and possible action on a resolution on the non-lapsing Board of Education account:** Mr. Kortze explained there is a statute regarding setting up an account that would allow the Board of Education to carry funds from year to year. There was discussion on the dollar amount being subject to the provisions of the Charter relative to appropriations over \$500,000. Mr. Kortze said it is Board of Education money to be used for Board of Education needs. The statute allows for up to 1% of the



budget to be carried over. First Selectman Llodra suggested policy language that caps the amount that can be in the account. There was discussion as to whether any of the carried over money would go into the general fund. Mr. Kortze and First Selectman Llodra noted that the Board of Education should have the same ability as the town to know of future challenges and save incrementally for it. Mr. Waterbury moved to authorize Mr. Kortze to draft a letter to the Board of Education on behalf of the Board of Finance relative to a non-lapsing account and an act concerning the consolidation of non educational services for the Board of Education as reflected in Att. B. Mr. Portnoy seconded. All in favor.

ANNOUNCEMENTS: Mr. Kortze reported he is receiving emails from seniors from Liberty and Regency, all encouraging some type of tax relief program. They are respectful and try to offer solutions.

ADJOURNMENT: The Board of Finance adjourned their regular meeting at 8:50pm.



Susan Marcinek, Clerk

Att. A: budget trends presentation, J. Kearney, 1/13/14

Att. B: BOE & BOS Administrative Services Consolidation & Non-Lapsing Account document

Town of Newtown

Budget year	Education		Town		Combined		Town Population		Total Students	Inflation	Education adj. for inflation		Town adj. for inflation		Combined adj. for inflation	Education Staffing in FTE	% Increase From Prior Year		Per Pupil Spending	
											Education	Town	Education	Town			Education	Town		
2000-2001	\$ 39,454,745	\$ 27,478,962	\$ 66,933,707	25,081	4941	2.20%													\$ 7,985	
2001-2002	\$ 42,413,850	\$ 30,566,345	\$ 72,980,195		5018	2.80%	\$ 40,796,206	\$ 28,413,247	\$ 69,209,453									7.50%	11.24%	\$ 8,452
2002-2003	\$ 45,917,218	\$ 31,359,201	\$ 77,276,419		5201	1.58%	\$ 43,601,438	\$ 31,422,203	\$ 75,023,640									8.26%	2.59%	\$ 8,829
2003-2004	\$ 49,407,147	\$ 30,030,015	\$ 79,437,162		5399	2.27%	\$ 46,642,710	\$ 31,854,676	\$ 78,497,386									7.60%	-4.24%	\$ 9,151
2004-2005	\$ 53,118,457	\$ 31,320,265	\$ 84,438,722		5493	2.66%	\$ 47,701,500	\$ 32,577,778	\$ 80,279,277									7.51%	4.30%	\$ 9,670
2005-2006	\$ 56,938,770	\$ 33,067,456	\$ 90,006,226		5648	3.38%	\$ 48,970,359	\$ 33,444,346	\$ 82,414,706									7.19%	5.58%	\$ 10,081
2006-2007	\$ 60,387,154	\$ 34,983,052	\$ 95,370,206		5668	3.22%	\$ 50,625,558	\$ 34,574,765	\$ 85,200,323									6.06%	5.79%	\$ 10,654
2007-2008	\$ 62,885,158	\$ 36,993,719	\$ 99,878,877		5628	2.84%	\$ 52,255,701	\$ 35,688,073	\$ 87,943,773									4.14%	5.75%	\$ 11,174
2008-2009	\$ 66,031,044	\$ 39,433,400	\$ 105,464,444		5601	3.83%	\$ 53,739,762	\$ 36,701,614	\$ 90,441,376									5.00%	6.59%	\$ 11,789
2009-2010	\$ 66,314,928	\$ 37,401,767	\$ 103,716,695		5490	-0.35%	\$ 55,797,995	\$ 38,107,286	\$ 93,905,281									0.43%	-5.15%	\$ 12,079
2010-2011	\$ 67,194,734	\$ 37,089,881	\$ 104,284,615		5451	1.63%	\$ 55,602,702	\$ 37,973,910	\$ 93,576,613									1.33%	-0.83%	\$ 12,327
2011-2012	\$ 67,971,427	\$ 37,583,648	\$ 105,555,075	27,829	5298	3.20%	\$ 56,509,026	\$ 38,592,885	\$ 95,101,912									1.16%	1.33%	\$ 12,830
2012-2013	\$ 68,355,794	\$ 37,791,044	\$ 106,146,838		5126	2.10%	\$ 58,317,315	\$ 39,827,857	\$ 98,145,173									0.57%	0.55%	\$ 13,335
2013-2014 FINAL	\$ 71,045,304	\$ 38,904,521	\$ 109,949,825		4951	1.55%	\$ 59,541,979	\$ 40,664,242	\$ 100,206,221									3.93%	2.95%	\$ 14,350
2014-2015 projected	\$ 72,537,255	\$ 39,293,566	\$ 111,830,822		4786		\$ 60,464,880	\$ 41,294,538	\$ 101,759,418									2.10%	1.00%	\$ 15,156
2015-2016 projected	\$ 74,060,538	\$ 39,686,502	\$ 113,747,040		4607													2.10%	1.00%	\$ 16,076
2016-2017 projected	\$ 75,615,809	\$ 40,083,367	\$ 115,699,176		4448													2.10%	1.00%	\$ 17,000
2017-2018 projected	\$ 77,203,741	\$ 40,484,201	\$ 117,687,942		4287													1.72%	1.00%	\$ 18,009
2018-2019 projected	\$ 78,825,020	\$ 40,889,043	\$ 119,714,062		4117													1.72%	1.00%	\$ 19,146
2019-2020 projected	\$ 80,480,345	\$ 41,297,933	\$ 121,778,278		3990													1.72%	1.00%	\$ 20,171
% Inc to 2013-2014						Avg Infl.														
from 2000-2001 budget	80%			11%	0%	2.36%												4.67%	2.80%	80%
from 2002-2003	55%				-4.81%															63%
% Inc to 2019-2020																				
from 2000-2001 budget	104%			11%	-19.25%															153%
from 2002-2003	75%				-23.28%															128%
Note:	Student population growth uses Dr. Chungs middle projection																			
	At. A																			

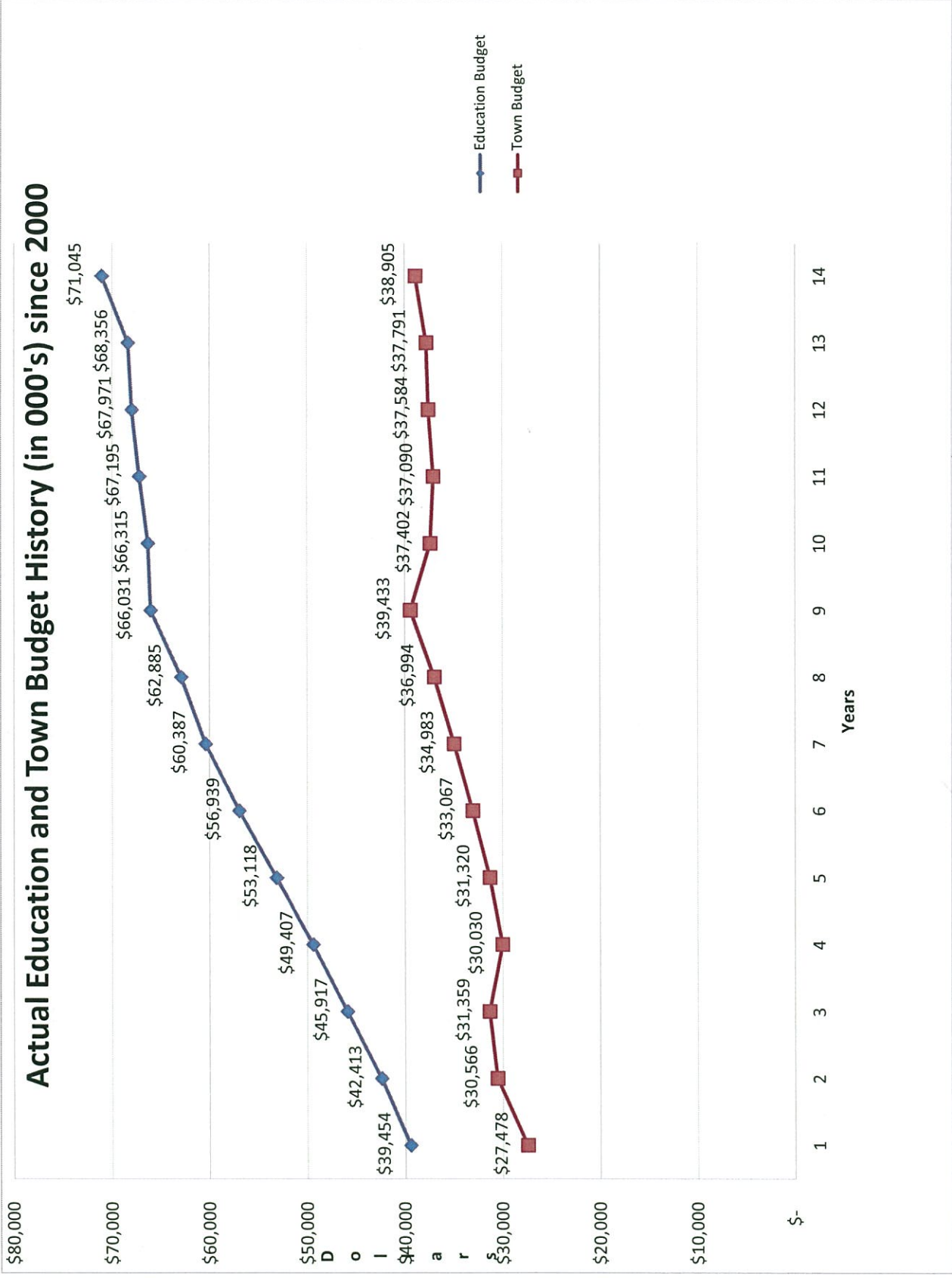
Town of Newtown

Budget year	CUMULATIVE AMOUNT OF INCREASE GREATER THAN INFLATION SINCE 2001-2002		Total Students	Amount CT Statute says we can deduct per student declines	Budget projection using Per pupil spend starting with \$14,350 from 2013-2014 and increased each year by 2.36 inflation	IMBR if we use as a deduct to the prior years budget
	Education	Town				
2001-2002	\$ 1,617,644	\$ 2,153,098	3,770,742			
2002-2003	\$ 2,315,780	\$ (63,002)	2,252,779			
2003-2004	\$ 2,764,437	\$ (1,824,661)	939,776			
2004-2005	\$ 5,416,937	\$ (1,257,513)	4,159,445			
2005-2006	\$ 7,968,411	\$ (376,890)	7,591,520			
2006-2007	\$ 9,761,596	\$ 408,287	10,169,883			
2007-2008	\$ 10,629,457	\$ 1,305,646	11,935,104	120,000		
2008-2009	\$ 12,291,282	\$ 2,731,786	15,023,068	81,000		
2009-2010	\$ 10,516,933	\$ (705,519)	9,811,414	333,000		
2010-2011	\$ 11,592,032	\$ (884,029)	10,708,002	5451		
2011-2012	\$ 11,462,401	\$ (1,009,237)	10,453,163	459,000		
2012-2013	\$ 10,038,479	\$ (2,036,813)	8,001,665	5126		
2013-2014 FINAL	\$ 11,503,325	\$ (1,759,721)	9,743,604	4951	\$ 71,046,850	
2014-2015 projected	\$ 12,072,376	\$ (2,000,972)	10,071,404	4786	\$ 70,299,927	\$ 70,551,850
2015-2016 projected				4607	\$ 69,267,684	\$ 70,014,850
2016-2017 projected				4448	\$ 68,455,368	\$ 69,537,850
2017-2018 projected				4287	\$ 67,534,625	\$ 69,054,850
2018-2019 projected				4117	\$ 66,387,170	\$ 68,544,850
2019-2020 projected				3990	\$ 65,857,685	\$ 68,163,850
				\$ 5,034,000		

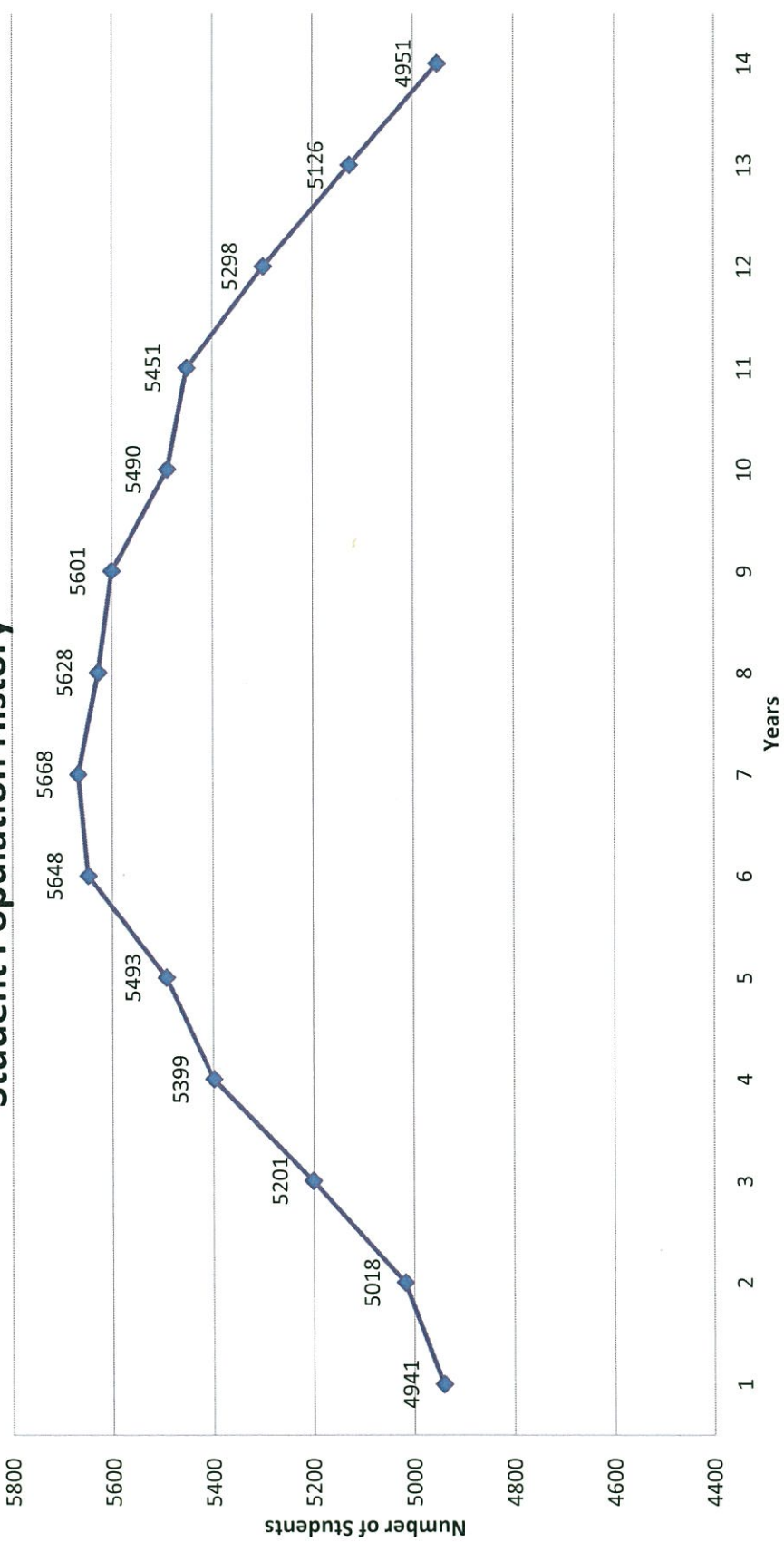
Comments:

1. Education budget has risen by almost twice the rate of inflation or \$11,503,325 since 2002-2003 while student population has decreased by 250 students.
2. Town Selectman's budget has risen by less than the rate of inflation since 2002-2003 despite town population increase of 11% (2,748 residents)
3. Education staffing growth rate increased by 14% (89 FTE) while student population shrank by 4.8% (250 students) since 2002-2003
4. "Education Staffing in FTE" - this column of data is from the school district budget books adjusted for actuals when known

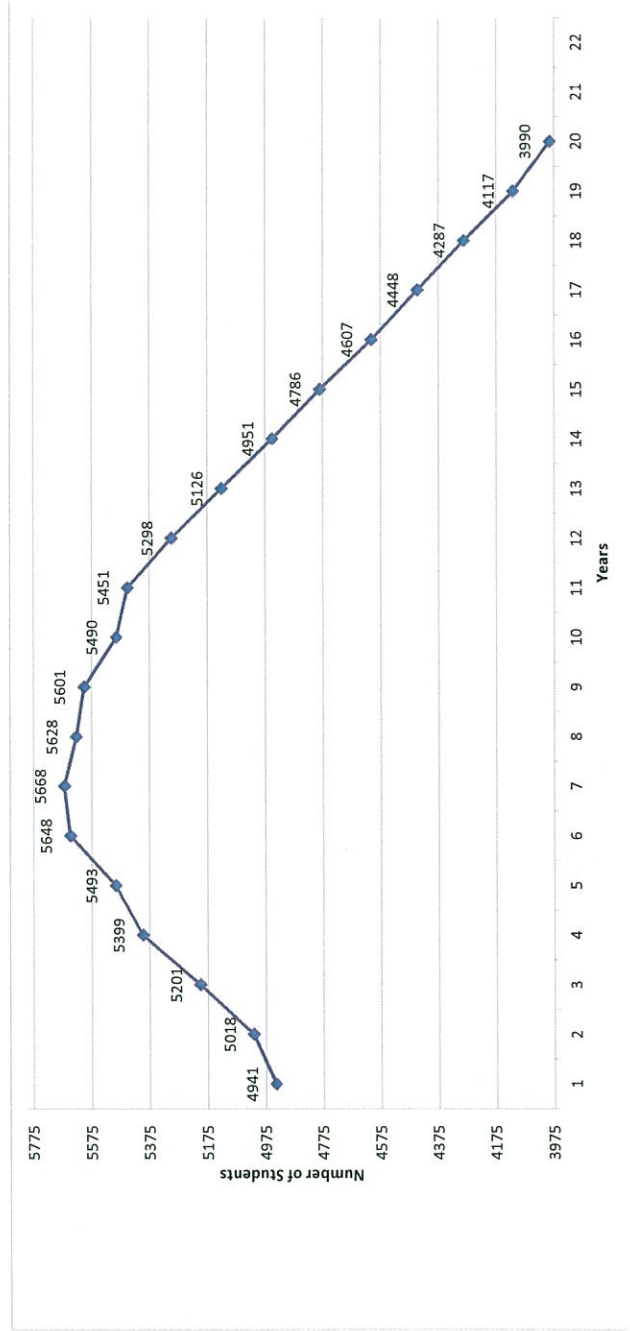
Actual Education and Town Budget History (in 000's) since 2000



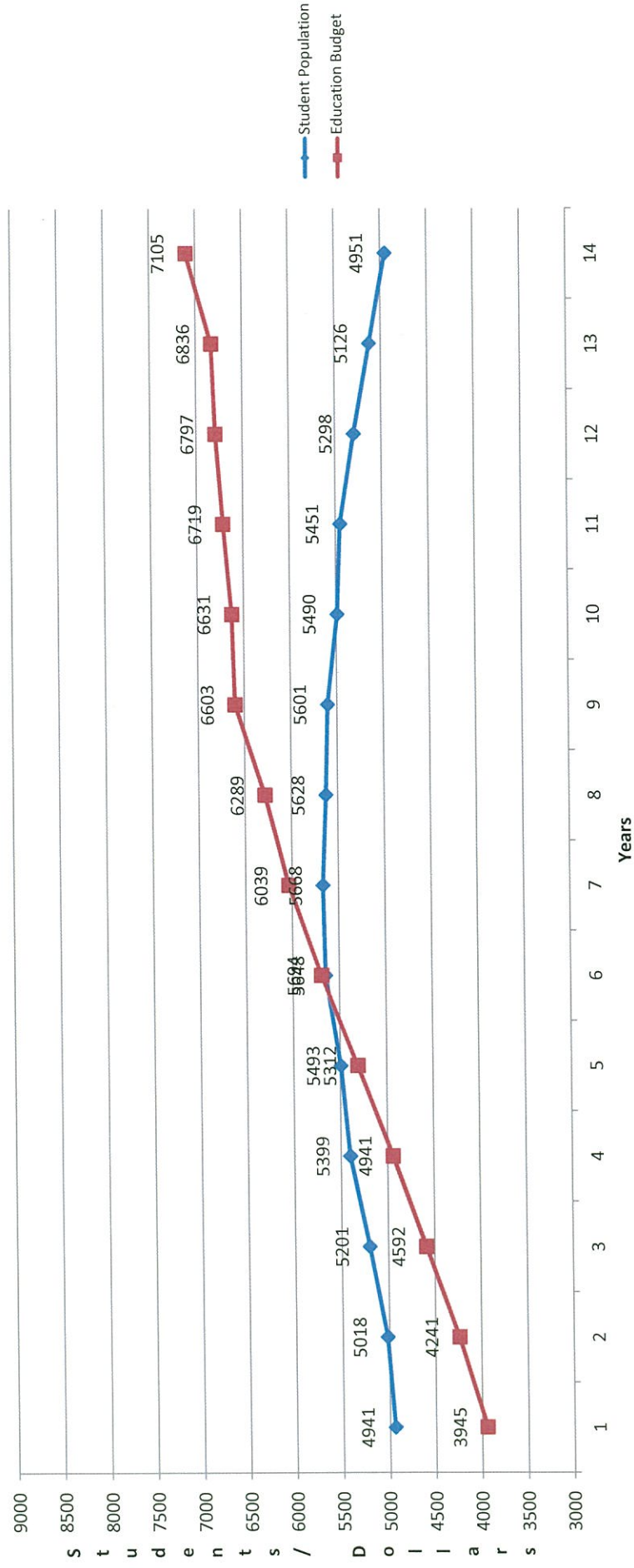
Student Population History



Student Population Projected from 2013



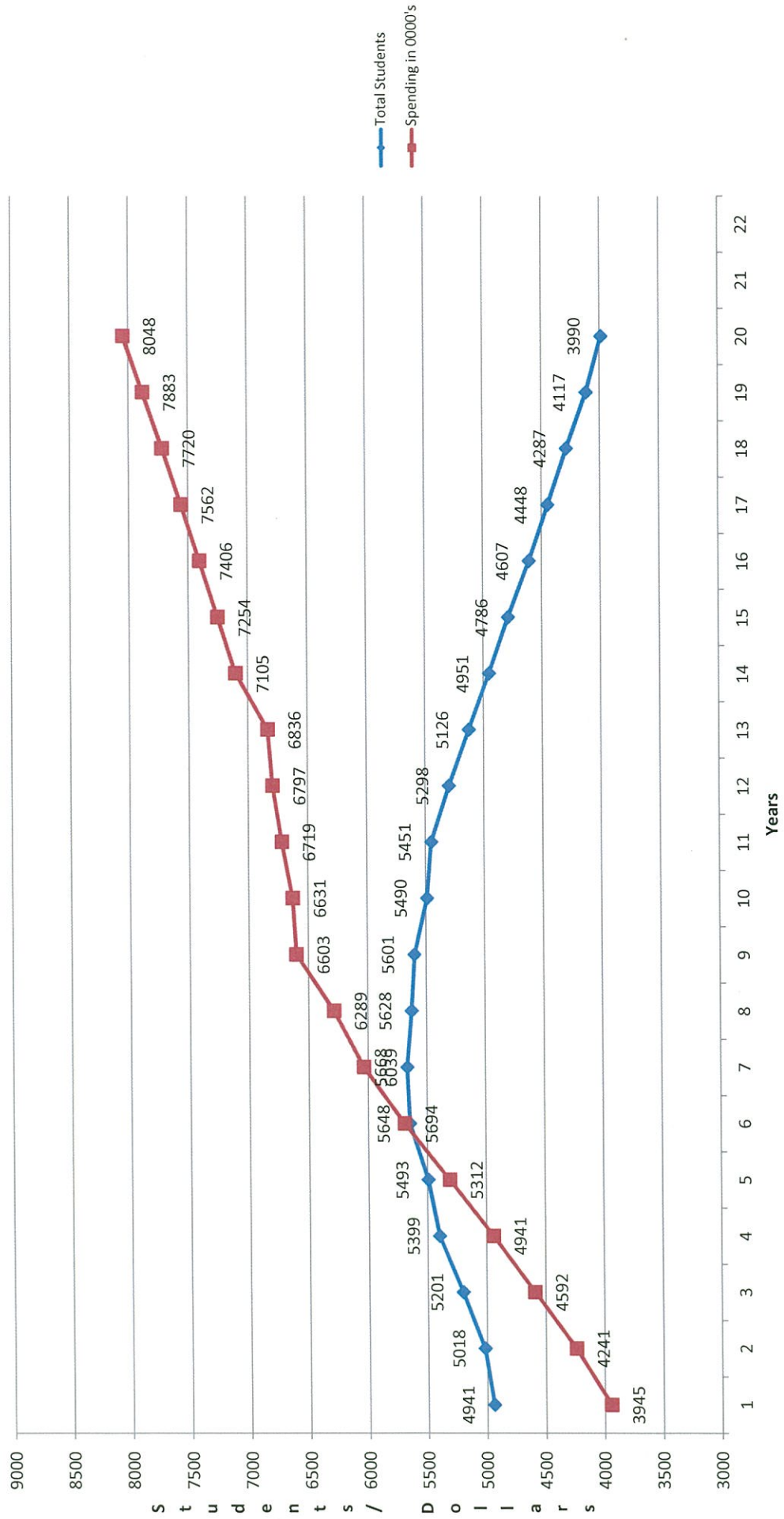
Education Spending (in 0000's) vs. Student Population Actual



Education Spending (in 0000's) vs. Student Population since 2000

Actual through 2012 and projected from 2013

Budget growth is projected at 2.1% from 2013



BOE identifies funds, in accordance with statute, to be placed in non-lapsing account. Time frame recommended is within the last quarter of the fiscal year and allowing enough time for the BOF to meet and act on. Source of funds should be identified as well as any anticipated future use, although not necessary.

BOF meets and acts on BOE request and places funds into non-lapsing account designated for BOE future use.

Funds remain in account until request is formally made by BOE.

BOE submits request to BOF and establishes purpose for use of funds. Request should follow process identified and consistent with a special appropriation request.

BOE provides rational and justification for request as well as any necessary financial impact statement should the funds be part of a longer-term obligation.

BOF meets and formally acts on request as well as providing a summary to the Legislative Council.

Consideration needs to be given to the maximum amount that can be held in the account. Perhaps a limit should be imposed such as ½%.

Funds in account are for BOE use.

Request should follow the process of an appropriation and be identified much like other funds (i.e. Park and Rec funds)

Consideration should be given to the fact that the charter requires certain amounts to follow a certain process for approval and that this may or may not be appropriate for this particular process.

BOE and BOS Administrative Services Consolidation:

Substitute Senate Bill No. 815 Public Act No. 13-60

AN ACT CONCERNING THE CONSOLIDATION OF NONEDUCATIONAL SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (a) of section 10-222 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2013):

(a) Each local board of education shall prepare an itemized estimate of the cost of maintenance of public schools for the ensuing year and shall submit such estimate to the board of finance in each town or city having a board of finance, to the board of selectmen in each town having no board of finance or otherwise to the authority making appropriations for the school district, not later than two months preceding the annual meeting at which appropriations are to be made. The board or authority that receives such estimate shall, not later than ten days after the date the board of education submits such estimate, make spending recommendations and suggestions to such board of education as to how such board of education may consolidate noneducational services and realize financial efficiencies. Such board of education may accept or reject the suggestions of the board of finance, board of selectmen or appropriating authority and shall provide the board of finance, board of selectmen or appropriation.

Substitute Senate Bill No. 815

authority with a written explanation of the reason for any rejection. The money appropriated by any municipality for the maintenance of public schools shall be expended by and in the discretion of the board of education. Except as provided in this subsection, any such board may transfer any unexpended or uncontracted-for portion of any appropriation for school purposes to any other item of such itemized estimate. Boards may, by adopting policies and procedures, authorize designated personnel to make limited transfers under emergency circumstances if the urgent need for the transfer prevents the board from meeting in a timely fashion to consider such transfer. All transfers made in such instances shall be

announced at the next regularly scheduled meeting of the board and a written explanation of such transfer shall be provided to the legislative body of the municipality or, in a municipality where the legislative body is a town meeting, to the board of selectmen. Expenditures by the board of education shall not exceed the appropriation made by the municipality, with such money as may be received from other sources for school purposes. If any occasion arises whereby additional funds are needed by such board, the chairman of such board shall notify the board of finance, board of selectmen or appropriating authority, as the case may be, and shall submit a request for additional funds in the same manner as is provided for departments, boards or agencies of the municipality and no additional funds shall be expended unless such supplemental appropriation shall be granted and no supplemental expenditures shall be made in excess of those granted through the appropriating authority. The annual report of the board of education shall, in accordance with section 10-224, include a summary showing (1) the total cost of the maintenance of schools, (2) the amount received from the state and other sources for the maintenance of schools, and (3) the net cost to the municipality of the maintenance of schools. For purposes of this subsection, "meeting" means a meeting, as defined in section 1-200, and "itemized estimate" means an estimate in which broad budgetary categories including, but not limited to, salaries,

Non Lapsing BOE Account:

Sec. 32. (NEW) (Effective July 1, 2010) For the fiscal year ending June 30, 2011, and each fiscal year thereafter, notwithstanding any provision of the general statutes or any special act, municipal charter, home rule ordinance or other ordinance, the board of finance in each town having a board of finance, the board of selectman in each town having no board of finance or the authority making appropriations for the school district for each town may deposit into a non-lapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided such amount does not exceed one per cent of the total budgeted appropriation for education for such prior fiscal year.

Recommended process:

BOE identifies funds, in accordance with statute, to be placed in non-lapsing account. Time frame recommended is within the last quarter of the fiscal year and allowing enough time for the BOF to meet and act on. Source of funds should be identified as well as any anticipated future use, although not necessary.

BOF meets and acts on BOE request and places funds into non-lapsing account designated for BOE future use.

Funds remain in account until request is formally made by BOE.

BOE submits request to BOF and establishes purpose for use of funds. Request should follow process identified and consistent with a special appropriation request.

BOE provides rationale and justification for request as well as any necessary financial impact statement should the funds be part of a longer term obligation.

BOF meets and formally acts on request as well as providing recommendation to Legislative Council.